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74

Connecticut State Medical Society Testimony in Support of
Senate Bill 74 An Act Concerning a Prohibition Against Site of Service Differential Payment Rates Insurance and
Real Estate Committee
February 10, 2009

Senator Crisco, Representative Fontana and Members of the Insurance and Real Estate Committee, on behalf of the more than 7,000 members of the Connecticut State Medical Society (CSMS) thank you for the opportunity to present this testimony to you today in support of **Senate Bill 74 An Act Concerning a Prohibition Against Site of Services Differential Payment Rates**. Such differentials established by health insurers are inconsistent with the best interest of patients and unfair to physicians.

Recent literature underscores significant problems with establishing site-of-service-differentials. Often, such differential create false incentives for physicians to perform procedures in office setting failing to take into account that the same physician work is being done regardless of the setting. Most significantly, although adopting a site of service approach for gastrointestinal services in 1997, it has been determined that Medicare GI services performed in the hospital outpatient department or ambulatory service center are well over 90% although a much higher fee is available in the office setting. The reason for this strong preference in facilities that meet Medicare guidelines is that it provides the best assurances for patient safety and quality of care.

Site of service differential and false incentives to provide certain services in an office based setting are further complicated by the currently licensing, regulatory and certificate of need (CON) structure in Connecticut. Even if higher reimbursement levels are available for certain services in an office setting they are often irrelevant simply because physicians are prevented by current law to provide these services. Most procedures potentially impacted by site of service differentials require levels of sedation that now trigger certain licensure and CON requirements. The Catch 22 exists in the mere fact that offices that outlay significant resources to meet increased licensure and CON requirements are then deemed "outpatient surgical facilities" thereby making them ineligible for the higher differential.

It is misleading to allow payers to establish reimbursement rates for services that will never be provided. In many cases insurers, even in Connecticut, who have sought to establish such differentials, have reversed decisions after discussions with the medical community and literature review of medical standards and guidelines. Site-of-Service differential are merely another pressure on physicians who are already struggling to meet increasing costs and face the downward spiral of reimbursements for the provision of quality care.

Please support SB 74.